

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

Ron Phipps
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Healing the Heart of Our Nation: American Communities

Facing Foreclosures

Introduction

Thank you for inviting me to be a part of this panel and to entering into a dialogue with so many distinguished city and industry leaders.

As our hearts are the central organs in our bodies. They are critical to delivering oxygen and nutrients to other parts of our system. Likewise, cities are the central organs of our nation, and housing is the lifeblood.

When housing is flowing well, our cities and our entire nation are healthy.

Housing Market Conditions

If we ran a stress test on American cities today, we would see that things are not running as smoothly as we would like, although they are getting better.

Overall, conditions in the housing market have been improving. In April, existing home sales rose 2.9 percent to a seasonally adjusted annual rate of 4.68 million units.

However, sales of distressed real estate – foreclosures and short sales – have ranged between 35 percent to about 45 percent of total Existing Home Sales in recent months. That has resulted in some confusion on pricing.

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Another concern is inventory. At the end of April, the number of homes for sale rose to 3.97 million. That means it will now take 10.2 months to exhaust the inventory at the current sales pace.

The good news is that at the start of the Spring season, the total number of homes for sale has remained below year-ago levels for nine straight months. In other words, inventory is still high, but moving in the right direction.

What Can We Do?

When it comes to physical disease, it usually takes many doctors with a variety of expertise to diagnose and treat the condition.

When it comes to difficulties in the housing market, we also need several experts with a variety of skills to restore a healthy system.

That’s where mayors and REALTORS[®] come in. You are general practitioners, who know every aspect of the cities you serve. You know where your city is thriving and where it’s hurting.

REALTORS[®] are specialists – we have special knowledge of the local housing markets and the issues homeowners and consumers are facing today.

Together, we have proven that we have the skills and resources to treat current ills and emerge stronger in the future.

Ambassador for Cities Program

For example, since 2004 mayors and REALTORS[®] have teamed up through the Ambassadors for Cities program to cure the low supply of affordable housing in communities across America.

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To date, we’ve designated 34 cities as Ambassador Cities, each contributing unique solutions to creating housing opportunities for more people. In 2009, REALTORS® are proud to partner with Tri-Valley, California; Houston, Texas; Lexington, Kentucky; Helena, Montana; and Jupiter, Florida.

Houston’s city officials along with the Houston Association of REALTORS® are working together to restore homes in nine historic neighborhoods in the city while also providing down payment assistance to consumers to purchase them.

In Lexington, REALTORS® joined with the city to renovate and repair homes for disabled and elderly citizens.

Additionally, we just launched the new Ira Gribin Workforce Housing Grants program. This \$5.2 million program provides grants to state Realtor associations to help them address the issue of affordable workforce.

The program is named for Ira Gribin, a past NAR president who was a tireless advocate for fair and affordable housing.

Through this program, REALTORS® work with key partners, state and local governments, state housing finance agencies, chambers of commerce, businesses, and community organizations to assist working families to obtain and keep affordable housing.

As of May 8, 2009, \$730,000 in funding has been awarded to 5 state associations: Maryland, Washington, Idaho, Maine, and California.

These are just two examples of the important work that REALTORS® and mayors are doing together to address problems in the housing market. On behalf of NAR,

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I want to thank you for your contributions over the past five years. Your support has been no less than extraordinary.

Foreclosure Prevention and Response Program

Of course, REALTORS® and mayors also are working together on preventative measures to make sure conditions continue to improve. This is especially important in the area of foreclosures.

Of of the country’s 45 million loans, 5.4 million were late or in some form of foreclosure in the first three months of this year. We need to get these homeowners the help they need to refinance or sell before it’s too late.

NAR recently created the Foreclosure Prevention and Response program that is providing \$3 million in grants to state and local REALTOR® boards to help them resolve this growing problem.

We’re taking a local approach because foreclosure is an issue that affects each community in its own particular way.

Since March, we’ve given out over \$350,000 in grants to 15 associations to fund locally determined strategies, many of them in cooperation with their local governments. And, we are encouraging all state and local associations to reach out to their local officials and other community organizations to assure a comprehensive approach to the foreclosure crisis.

I would love to see all of you partner with our local and state Realtor associations to apply for more of these grants.

Additionally, we would love to partner with you on applications for funds through the government's Neighborhood Stabilization Program.

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REALTORS[®] can provide you with valuable information and research on the state of the housing markets in your cities, which is something that HUD will be looking at when they review this next round of NSP applications.

Conclusion

As I said earlier, restoring health to the housing market and our cities is not an individual effort. We must work together to treat the ills and to prevent new ones.

An Irish proverb says: “Every disease is a physician.” I hope that in the throes of the current foreclosure problem, new ideas and a renewed energy will be our physician and will point us in the direction of making America’s cities more vibrant and healthier than ever.

REALTORS[®] are committed to working with you, the federal government, and community organizations to bring stability back to our economy and to neighborhoods in every American city.

Thank you for having me today. I look forward to hearing your ideas, thoughts, and questions.